



LENGTH: 8020 words

HEADLINE: LOU DOBBS MONEYLINE; CNNfn

GUESTS: Hasan Rahman, Alon Pinkas, Manuel Johnson, Michael Puntoriero, Katherine Scherer, Kemile Palmer

BYLINE: Lou Dobbs, John King, Bruce Francis, Peter Viles, Wolf Blitzer

BODY:

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LOU DOBBS, CNNfn ANCHOR, LOU DOBBS MONEYLINE: Tonight, the Israelis and Palestinians say a truce will be called as soon as tomorrow. Israel's consul general, Ambassador Alon Pinkas, Palestinian representative Hasan Rahman will join us to tell us how they will achieve peace.

We'll also be joined by several employees of Andersen, as their company under Justice Department indictment fights for its very survival. We'll hear their thoughts on the government's action, their company's prospects for survival and their own.

And tonight, a special report on the Catholic Church, mired in an ugly child sex molestation scandal, paying millions of dollars to victims of molestation. Tonight, we'll tell you where those millions are coming from and how many billions more will be required.

ANNOUNCER: This is LOU DOBBS MONEYLINE for Tuesday, March 19. Here now, Lou Dobbs.

DOBBS: Good evening.

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MONEYLINE 06:00 PM Eastern Standard Time March 19, 2002 Tuesday Vice President Dick Cheney says he's willing to meet with Palestinian leader Yasser Arafat, but only after Arafat implements a ceasefire agreement drawn up by CIA Director George Tenet. The vice president says it will be up to U.S. special envoy Anthony Zinni to determine whether Arafat meets the conditions of those ceasefire requirements.

Vice President Cheney today traveled to Turkey on the last stop of his 11-nation Middle East trip. John King is traveling with the vice president and joins us now from Ankora, Turkey -- John.

JOHN KING, CNN SR. WHITE HOUSE CORRESPONDENT: And, Lou, a very busy final full day of the vice president's trip. He is here in Turkey to get back to his initial mission: try to build support for a possible U.S. military confrontation with Saddam Hussein.

In conversations with the Turkish prime minister tonight, we are told Mr. Cheney said such a decision is still weeks if not a few months down the road, but he did try to seek support for use of air bases here, if it comes to that, another military confrontation with Saddam Hussein.

It is a very controversial issue here. And there were some protests in the street as the vice president arrived. Ten years of sanctions on Iraq have taken an economic toll here in neighboring Turkey. There also is a concern that a military effort against Iraq could split the country in half and that the Kurds in the north would take some power and perhaps cause political trouble for Turkey along its southern border. Still, U.S. officials say they believe those talks went well and they came, as you noted at the top of the show, after a dramatic day for the vice president in Jerusalem.

This morning, more conversations with the prime minister, Ariel Sharon. And under U.S. pressure, Israel pulling back from five locations to which it had deployed troops over the past two weeks. Also saying that if Yasser Arafat agrees to a truce, it will allow him to leave the Palestinian territories and go to that Arab Summit next week in Beirut.

And then, the vice president dangled an initiative of his own. He says he will return to the region, perhaps as early as next week, for the first high-level one-on-one meeting. The vice president meeting Yasser Arafat, the Palestinian leader, but Mr. Cheney did attach some conditions.

(BEGIN VIDEO CLIP)

DICK CHENEY, VICE PRESIDENT OF THE UNITED STATES: Namely, to speak to his own people personally about the importance of ending violence and terrorism, to issue clear instructions to his security services, to enforce the ceasefire and to follow up closely these efforts to ensure implementation of the Tenet work plan.

(END VIDEO CLIP)

KING: Initial Palestinian reaction quite favorable. Israeli sources saying a truce could be in place within days. U.S. officials welcoming that not only because they hope it brings an end to 18 months of tragic bloodshed between the Israelis and the Palestinians, but they also believe that if there is calm in

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MONEYLINE 06:00 PM Eastern Standard Time March 19, 2002 Tuesday the Palestinian territories, relative peace between the Israelis and Palestinians as they move forward into some form of political process, perhaps the vice president and the president, when they have a second round of consultations with Arab leaders about a possible confrontation with Saddam Hussein, will get a more favorable hearing -- Lou.

DOBBS: John, on the issue of the breakthrough, the apparent breakthrough, is it your sense as you travel with the vice president through the region, that there is support within the region for a ceasefire and for the proposals that are being obviously driven by the vice president and Anthony Zinni?

KING: Certainly, support for a ceasefire and most...

DOBBS: We apologize. We have just lost the satellite audio from Ankara, Turkey. John King reporting as he travels with the vice president. Important news, an apparent breakthrough and the vice president making significant overtures to the Palestinians and the Israelis for further U.S. engagement in trying to achieve a ceasefire in the Middle East.

A leading Palestinian negotiator welcomed the vice president's offer to meet with Yasser Arafat, saying he hoped a deal could be struck soon to implement the Tenet plan. But some Israeli leaders say Arafat is not to be trusted and has already shown he's incapable of stopping violence.

Joining me now on this issue, Ambassador Alon Pinkas of Israel; Hasan Rahman, Palestinian representative to the United States. Gentlemen, good to have you here. Let me begin, if I may, Mr. Rahman, with a straightforward question. Do you feel more optimistic than the last time you and I talked about two weeks ago?

HASAN RAHMAN, PALESTINIAN REPRESENTATIVE TO U.S.: Well, we were hopeful that the efforts of General Zinni would lead to the implementation of the Tenet understandings and Mitchell Report and lead us into a political horizon. In fact, we are working very closely with Mr. Zinni. Tomorrow, we will present our own proposals for the implementation of Tenet and Mitchell. And we hope that the Israelis will reciprocate and withdraw their troops from the areas they occupy because they have not completed their withdrawal yet.

DOBBS: As you know...

RAHMAN: And we will move into that phase.

DOBBS: Well, that sounds encouraging. And if I may turn to you, Ambassador Pinkas. The last time we talked, again about two weeks ago, you said and reminded all of us that Ariel Sharon is a pragmatic man. Is this a demonstration of his pragmatism and are you more hopeful tonight?

ALON PINKAS, AMBASSADOR CONSUL GENERAL OF ISRAEL: Well, I'm more hopeful tonight because I think the combination of General Zinni's mission and the trip or the visit by Vice President Cheney has convinced the Palestinians that they have very little to achieve and very little to show for a year and a half worth of violence.

I still think that the Prime Minister Sharon is pragmatic. I think that he

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MONEYLINE 06:00 PM Eastern Standard Time March 19, 2002 Tuesday has demonstrated that in both declaring several months ago a unilateral ceasefire that would unfortunately was not complied by the Palestinians, then moving on to waive the seven-day quiet condition. Although, I have to tell you in all honesty, that it makes so much sense to have seven days of quiet before entering negotiations, but let bygones be bygones. And then, moving out the military, withdrawing from major Palestinian cities. And finally, allowing Arafat to leave Ramallah.

Now, I have to tell you that I'm also encouraged, very much encouraged, by what my colleague, Abdel Rahman, said a moment ago, **Hasan Abdel Rahman**, that the Palestinians will tomorrow present a plan to General Zinni because that, if my recollection does not mislead me, that is the first time since 1947 that the Palestinians are presenting something in terms of reaching some political settlement. Until now, they have been content and resigned to say no to everything that's been proposed to him.

DOBBS: Mr. Rahman?

RAHMAN: Well, I'm disappointed always with Mr. Pinkas because he likes to go back, take us back to history. And we have our own version of history also. I don't think that the Israelis are totally innocent and they are the saints. You have to look at what the Secretary-General Kofi Annan said today about the outrageous behavior of the Israelis. So...

DOBBS: Mr. Rahman...

RAHMAN: Yes, if you allow me just because -- I was not going really to get into that, but Mr. Pinkas takes us into certain areas that represents, in my views, distortion of the facts, the version of history...

DOBBS: Mr. Rahman, I appreciate it. But in the interest at least of the audience of this broadcast, is there -- the last time you and I talked, you said that the way to peace here is through full engagement, led by the United States. Is the action of the United States government, through its representatives, Vice President Dick Cheney, General Zinni, would you say that we are now -- and of course the United Nations Resolution, and the leadership of Kofi Annan. If this is not full engagement, what could it be?

RAHMAN: No. We are saying yes, we welcome the efforts of the United States, the engagement of the United States, and we are hopeful that with the efforts of General Zinni and the engagement of Vice President Cheney and the engagement of President Bush that they will lead us into a political horizon that will end Israel's occupation of the Palestinian territories and lead to the establishment of an independent Palestinian state on the West Bank and Gaza, next to Israel, living in peace with the state of Israel.

DOBBS: Let me ask both of you gentlemen, if I may. Do you have the sense that as you -- just both of you are about to embark upon a reconstruction of your history, a bloody history, that the world community is no longer trusting of either the Israelis or the Palestinians to be responsible for writing the future history of the region, that it is now a time for sober, balanced judgment and the creation of a workable peace, whether you call it a peace process, whether you call it a ceasefire, but a real and profound peace in the region? Do you both have that sense?

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RAHMAN: If you allow me, the foundation of a permanent and lasting peace were set in Madrid. It is the implementation of Resolution 242, 338, land for peace. Israel will withdraw from all the territories that it occupied in 1967 in exchange for full peace with Israel. This is the foundation of any future settlement. There's an international consensus on that. I don't believe there's anyone in this world who is opposed to those principles. I want to hear my colleague, Mr. Pinkas, say that he accepts those principles and he joins the international consensus. So we can -- his people and my people live in two separate states next to each other in peace.

DOBBS: You've said what you want to hear. Let's hear what Mr. Pinkas, Ambassador Pinkas wants us to hear.

PINKAS: Well, if only Mr. Arafat spoke like Mr. Abdel Rahman, perhaps we would have had a peace agreement by now. Everything you have referred to, Lou, in your description or delineation on how a peace agreement would look like, was presented at Camp David. The reason Mr. Rahman doesn't like me drawing him or delving into history is because he knows history is replete with examples how they missed opportunities, to miss opportunities.

Now, into the future, it's very simple. It's not about occupation. It's not about Resolution 242. It's about the ability and the willingness of the Palestinian leadership to A: accept an Israeli state as a Jewish state; two, accept Israel's rights to exist; three, be realistic and forget this impractical, unreasonable and unrealistic dream that you have cultivated generations called the right of return. And No. 4, set up a viable state with procedures, with due diligence, with the rule and supremacy of law, with a viable economy. All of the above have been the foundations of a peace process that yes, began in Madrid, but more so continued on in Oslo.

Ever since -- ever since Camp David was put on the table, Lou, all we have seen from the Palestinians is reverting into 1960s and 1950s rhetoric of hatred, anti-Semitism, anti-Americanism. And Mr. Abdel Rahman is talking about 1991, the Madrid conference. Let me remind you, Lou, that the Madrid conference...

RAHMAN: If you allow me...

(CROSSTALK)

PINKAS: One last sentence. The Madrid conference followed the Gulf War, in which Saddam Hussein, the virtuous leader, the great leader, was supported by one people in the Middle East, and those are the Palestinians, led by one leader, and that is Yasser Arafat. So you need to make a lot of corrections and a lot...

(CROSSTALK)

DOBBS: Ambassador, if we may, Mr. Rahman, please.

RAHMAN: First of all, what you are saying, Mr. Pinkas, is absolutely wrong. You are telling us what we need to do, but you have not said what Israel needs to do. I said...

PINKAS: (UNINTELLIGIBLE) Camp David.

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RAHMAN: I talked to -- I said to you that we want a state on the West Bank and Gaza, next to Israel, living in peace with...

PINKAS: You had it at Camp David.

RAHMAN: Forget about Camp David.

PINKAS: Why? Why? Because it's uncomfortable?

DOBBS: Ambassador, please.

RAHMAN: You know why? Because in Camp David -- what you are saying about Camp

David is totally inaccurate. Totally inaccurate.

DOBBS: Gentlemen, if I could say, is it -- despite the rhetoric and the expressions, rather contentious ones even here as we're trying to talk about what you will do to achieve peace, is it your judgment that the framework is now in place and the world community's insistence is now clearly understood on the part of both the Palestinians and the Israelis, that intractability that is the hallmark of your history, whichever of you writes it over the past 50 years, from your perspective, is no longer acceptable, and that that you are going to have to find, pragmatically, a new way to build a future and to live together? (CROSSTALK)

RAHMAN: We have accepted and we continue to accept the right of Israel to exist within the 1967 boundaries.

PINKAS: No, you haven't.

RAHMAN: Israel -- I'm saying and we did, and we signed to it. And I want Mr. Pinkas to say that he accepts to live within an Israel that is established and continues to exist over the 1967 boundaries. Don't come to me back with...

DOBBS: OK. Mr. Rahman, let the ambassador answer. Are you willing to do that, Mr. Ambassador?

PINKAS: Lou, we have said many times that we have no interests in controlling the lives of 3.2 million Palestinians. We have said many times following 1967 and then again in the last two years and especially in the last year and a half...

RAHMAN: But you did not answer the question.

PINKAS: Well, when I answer your questions, it will be a great day, Mr. Abdel Rahman, but wait for my answer. I'm answering Mr. Dobbs' questions.

I don't think the conflict is intractable. In fact, the framework is there.

It's Madrid. The internal framework is Oslo. The contours are Camp David and the roadmap is the Tenet plan and especially the Mitchell Report. I know I'm speaking in codes for your viewership, perhaps...

DOBBS: Oh, we have a very, very sophisticated viewership, Mr. Ambassador.

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PINKAS: I know you do. That's why I feel comfortable saying that. The fact of the matter is, this is not about which plan to accept. This is about a total bankruptcy of the Palestinian leadership. This is -- everything that Mr. Abdel Rahman is saying now is not taught in Palestinian schools. It is not preached in Palestinian mosques and is not stated or expounded by Palestinian...

RAHMAN: I want to know what you teach your children in your schools.

DOBBS: Gentlemen, I think if there is any demonstration of what General Zinni, the vice president, are up against as they try to work with both sides in coming to some pragmatic, profound resolution to the Middle East, you've amply demonstrated that. I thank you for taking the time to try to share your view of how you will work to achieve peace, and I wish both of you and both sides all of the very best as you try to write a far better history.

RAHMAN: Thank you.

DOBBS: Thank you, gentlemen.

PINKAS: Thank you, Lou.

DOBBS: Still ahead, judgment day for Carly Fiorina and Michael Capellas.

Hewlett-Packard (Company: Hewlett-Packard Company ; Ticker: HWP ; URL: <http://www.hp.com>) optimistic about the merger plan with Compaq (Company: Compaq Computer Corporation; Ticker: CPQ; URL: <http://www.compaq.com/>). We'll have the very latest for you from California, the site of today's Hewlett-Packard shareholders' meeting.

Andersen's overseas units moving closer to being part of KPMG as its U.S.

employees search for survival. We'll hear what some of Andersen's employees are thinking and feeling, live here next on MONEYLINE.

And stocks end higher on the New York Stock Exchange and over at the Nasdaq.

We will tell you about that as well in just moments. Stay with us.

(COMMERCIAL BREAK)

DOBBS: The Fed today, as expected, held short-term interest rates unchanged, 1 3/4 percent. Today, also, the first time that the Fed dropped its warning about a recession, the first time in more than a year. That leaves the door open for possible interest rate hikes some say later this year.

On Wall Street, the markets gained ahead of the Fed's decision. Those stocks did dip slightly in the final hour of trading. Also on investor minds today,

that shareholder vote at Hewlett-Packard. The major markets finishing higher.

The Dow gaining 57 points. The Nasdaq up nearly four points. The S&P 500 up nearly five points.

Among the most widely held issues, Procter & Gamble (Company: The Procter & Gamble Company; Ticker: PG; URL: <http://www.pg.com/>) up more than \$2 a share, increasing its forecast for the year. Delta Air Lines (Company: Delta Air Lines

Inc.; Ticker: DAL; URL: <http://www.delta-air.com/>) down a dollar. Delta expects

to report a quarterly loss of at least \$350 million. Merrill Lynch (Company:

Merrill Lynch & Co. Inc.; Ticker: MER; URL: <http://www.ml.com/>) today gained a

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\$1.50 a share. Bank of America Securities initiated coverage with a strong buy.

General Motors (Company: General Motors Corporation; Ticker: GM; URL:

<http://www.gm.com/>) down fractionally. That after reaffirming its earnings

targets.

Checking some of the other movers on Wall Street, Goldman Sachs (Company: The Goldman Sachs Group Inc.; Ticker: GS; URL: <http://www.gs.com/>) today gaining

nearly \$2 a share. The firm's net down 32 percent. Profits better than expected

however. Gemstar-TV Guide (Company: Gemstar-TV Guide International Inc.; Ticker:

GMST; URL: <http://www.tvguideinc.com/>) down more than \$5 a share, losing a

quarter of its value. The company reported a fourth-quarter loss. It's

co-president and chief operating officer resigned. Accenture (Company: Accenture

Ltd.; Ticker: ACN; URL: <http://www.accenture.com/>) today down more than \$3 a

share. The consulting firm that split off from Andersen said it will sell its

minority ownership interests that could hurt its earnings.

Hewlett-Packard claiming victory tonight in the bitter proxy fight for

control of Compaq Computer. But with shareholder ballots now in, those opposing

the \$21 billion merger say the battle is still too close to call. Whatever the

outcome, today's vote gives individual investors a rare opportunity, the

opportunity to decide the fate of two business giants, if not an entire

industry. Bruce Francis reports from Cupertino, California.

(BEGIN VIDEOTAPE)

BRUCE FRANCIS, CNNfn CORRESPONDENT (voice-over): Calling the margin slim but sufficient, Hewlett-Packard's CEO Carly Fiorina declared victory in what has

been the most rancorous contested merger in corporate history.

CARLY FIORINA, CEO, HEWLETT-PACKARD: Given the choice between embracing the

future of our industry or attempting to preserve the status quo, it appears that

our shareowners today have made a decision not only to embrace that change, but

to lead it.

FRANCIS: Walter Hewlett's last-minute appeal was to preserve a unique vision of what an American corporation can be, maintaining that HP is not a company in

crisis. The Hewlett and Packard families and their foundations control about 18

percent of the vote. Hewlett derided the deal as a \$25 billion mistake. He's

optimistic he can still kill it.

WALTER HEWLETT, HEWLETT-PACKARD BOARD MEMBER: The results of today's votes are too close to call. And a proxy contest this close where stockholders are changing their votes right up to the closing of the polls, it is simply impossible to determine the outcome at this time.

FRANCIS: Fiorina says that a solid majority of the non-family institutions backed the deal. Shareholders attending the meeting, many employees or retirees seemed mostly on Hewlett's side. Hewlett received a standing ovation from the crowd.

UNIDENTIFIED FEMALE: I think it's a fabulous company. I just think there are better options than mergers of that size.

UNIDENTIFIED MALE: Compaq has got enough problems as it is right now and I
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think HP should focus on their core values.

(END VIDEOTAPE)

FRANCIS (on camera): Tomorrow in Houston, Compaq shareholders are expected to overwhelmingly approve the deal. But today's close HP tally means that management won't be able to close this deal as they had hoped to during the first week of April -- Lou.

DOBBS: And how are people taking it that Carly Fiorina says close or not, they've won?

FRANCIS: She says that it will -- that this is not a political contest. She only needs to win by one vote. But the crowd here today was definitely Walter Hewlett's crowd, Lou. Fiorina was booed at times, especially when she asserted that employees were behind this deal. It was a tough sell at this meeting and it's been a tough sell overall -- Lou.

DOBBS: And I suppose the best news of all is it's almost at an end.
Bruce, thanks.

FRANCIS: I have to agree be you there.

DOBBS: Bruce Francis from Cupertino.

Well, like Enron, Andersen's name has been tainted with scandal. Andersen's overseas partners are now on the defensive, emphasizing it was the U.S. firm that was indicted. And anxious to rid itself of the Andersen name, the firm's non-U.S. operations eager to advance merger plans with KPMG.

There is a huge hurdle, however. Regulatory authorities still have to sign off the deal and the European commission over the past has been resistant to mergers of professional services firms.

The scandal surrounding Andersen, it's former client, Enron, has done more to raise red flags about corporate governance than any other issue in years. Many say the growing questions about auditing standards in this country can be only addressed by firm action in Congress, possibly a move to the international accounting standards. Joining me now is Manuel Johnson. He is the chairman of the Financial Accounting Foundation. It oversees the FASB. He's also, of course, a former vice chairman of the Federal Reserve. Manuel, it's good to have you here.

MANUEL JOHNSON, CHAIRMAN, FINANCIAL ACCOUNTING FOUNDATION: Thank you, Lou.
Nice to be here.

DOBBS: I have got to ask you, at this point, first off, is the foundation going to make significant changes before Congress forces those changes?

JOHNSON: Well, the foundation is reviewing what it can do to improve the quality of financial accounting standards setting. As you know, we oversee the Financial Accounting Standards Board. And, you know, in our opinion, the accounting standards have not really been the major problem. The accounting

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standards are very sound when properly applied. I think there is an issue with the auditing process and with the integrity of some companies in following the standard setting, but...

DOBBS: You know, every CEO I have talked with, Manuel, gives me a different answer, and nearly every chief financial officer. They talk about the fundamental difference between the international standards board and FASB. The fact that we are more about rules and legal-based and the international board far more principle-based. And there seems to be a great deal of interest in change. You don't sense that or agree with that?

JOHNSON: Well, yes, I think there's an interest in trying to bring together the capital markets in Europe and the U.S. with a common set of standards that are of high quality so that investors in the capital markets can trust the information they have about companies that they invest in.

But that does not mean necessarily that the U.S. should compromise its standards towards a weaker common denominator. And I think that's the one of the things that the FAF wants to make sure that we don't do. We certainly want to simplify the process, streamline it, make it work as best we can to make our capital markets the most efficient in the world. But at the same time, we don't want them to compromise quality in order to allow integration at a weaker common denominator.

DOBBS: So you really believe that the International Accounting Standards Board has a weaker, less qualitative approach than you?

JOHNSON: Well, I think the thing there is that it's new. The ISC and its organization is really just recently been established as an independent accounting setting body. They're working very hard under the direction of Paul Volcker as head of the board of trustees in this organization to produce a high quality set of accounting standards. And we have confidence that that's eventually going to happen under his direction with an independent accounting standard setting group.

DOBBS: Well, you know, it's interesting true though, as we talk about this issue sort of in the abstract here, perhaps too abstract for a moment. Nearly every CFO I talk with as well says that in the case of Enron, and the numbers that Andersen was auditing, that there are so many interpretations of those rules under FASB that one could make a reasonable case on nearly any side of the issue, and that we've become such a litigious country and that the FASB is dictated by such an aggressive plaintiff's bar, the trial lawyer's association that there's very little that can be done quickly. Do you agree with that?

JOHNSON: No, I don't. I think FASB over the last few years has a very good record of approving accounting standards that are relevant to the changes in the marketplace. But at the same time, there is more that can be done. That's one of the reasons why the Accounting Foundation Board of Trustees has recently proposed reducing the size of the FASB board from seven to five with a simple majority vote for approval of the standard, and have asked the FASB to look into ways to speed up the public comment period in which they consider new standards. And we think that that can help streamline the process. But the fact of the matter is FASB has worked very hard under pressure from various interest groups to slow it down.

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DOBBS: I'm sorry to interrupt you. We're going to have to end there. And I hope you'll come back soon to discuss these very important issues on financial reporting in this country. Obviously, the model is under attack, and reform

being urged in many quarters. I do like the concept of a nimble FASB. I'm not sure I've come to terms with the concept yet, but it's an interesting concept.
Manuel Johnson...

JOHNSON: We're working on it, Lou.

DOBBS: Good to have you here.

JOHNSON: Thank you.

DOBBS: Well, later here, we'll be focusing, of course, on Andersen. And we'll hear from some of the people who work for Andersen, some of the people who had nothing to do with Enron, but who stand tonight in prospect of losing their jobs.

These three employees will be here tonight to share their thoughts on the government's criminal indictment against Andersen, its fairness, how they feel about their futures and their company's chances for survival.

Coming up next, new details on the huge sums of money that the Catholic Church may have to pay out over the growing sex molestation scandal. We'll have a special report for you on that. And fighting back, Andersen's employees tell us what they think of the Justice Department's decision to indict their firm. That live discussion coming up next. And a wall of rain drenching the South, more people lose their lives. We'll have the latest on that story for you as well. Stay with us.

(COMMERCIAL BREAK)

DOBBS: Last night, we asked you for your opinion on the Justice Department decision to indict Andersen as a firm. Tonight, we have the result of that poll for you. To the question, should the Department of Justice have indicted Andersen, 70 percent of you said no, 30 percent agreed with the Justice Department decision.

Onto Enron's future, 60 percent of you said Enron should be indicted as a firm, 40 percent said no. And finally, an overwhelming 97 percent voted that responsible executives at each firm should be individually indicted.

The 28,000 employees of Andersen in the United States could soon be on their own, lose their jobs if the overseas units of the firm succeed in breaking away, the Justice Department's indictment hanging over their business, their prospects at best look uncertain and their hopes for a recovery are sure to be damaged by the continued drain of big name clients. To assess the mood in the firm and to put a human face on what is a business tragedy by any standard, we are joined by three of Andersen's employees from all around the country.

Michael Puntoriero joins us tonight from Los Angeles. Katherine Scherer is in our Chicago Bureau, and Kemile Palmer joins us tonight from Washington, D.C. Thank you all for being here. We really appreciate it. I guess, let me begin if
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I may, Mike, with you. When you learned that the firm had been indicted and an indictment is a death sentence for those who do not know for a professional services firm. What was your reaction?

MICHAEL PUNTORIERO, ANDERSEN: Well I think, Lou, probably the first reaction was anger, anger that our government could take an action against 85,000 people around the world, 26,000 people in the United States, 300 of which work for me in Orange County, the vast, vast majority of which had absolutely nothing to do with this.

DOBBS: Did you ever work on the Enron account?

PUNTORIERO: No, I did not.

DOBBS: Did anybody in your office work on the Enron account who works for you?

PUNTORIERO: No, they did not. No.

DOBBS: Are you angry with Andersen's management as well?

PUNTORIERO: No, I think, Lou, our number one objective is to do the best thing we can, given the situation we're in, for our people and our clients.

Andersen, everyone needs to understand, is like a family and we need to take care of that family like anyone would want to take care of their family, and we need to take care of our clients.

So, how we behave around the world is going to be in a way we think is in the best interest of those groups. It's just unfortunate that we got in the position we're in and it's a tragedy the impact it's going to have on the 26,000, especially the 26,000 people in the United States.

DOBBS: Who had nothing to do with Enron at all.

PUNTORIERO: (INAUDIBLE).

DOBBS: Kathy, let me turn to you there in Chicago. What are your thoughts tonight?

KATHERINE SCHERER, ANDERSEN: Well I think, Lou, I like many of my partners and all of the employees here in the U.S., as Mike said, we have been through a lot of stages with this, almost like a death. I think we started out in denial.

It went to anger, and now you know we're at the stages of resolve. We've got the cards that we've been dealt and right now, we're doing what we can to try to hold the firm, or at least the biggest pieces of the firm that we can together and do the best thing for our people, because as Mike said we truly are a family here, and amazingly people are still hanging with it, even in the face of this indictment.

DOBBS: Kemile, let me turn to you. You're there in the Washington office. You're very close to the epicenter of this indictment. The mood there in the office there in Washington?

KEMILE PALMER, ANDERSEN: I believe everyone is just trying, we're just trying
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to keep our heads up. Of course, we're scared you know. We don't know what's going to happen and that's the main thing. We just, we want to know you know that our livelihood is going to be taken care of, that we're going to have jobs in the future. So I believe everyone is concerned about that.

DOBBS: And I should ask this, have any of you met one another, the three of you?

PALMER: No, we haven't.

SCHERER: We haven't met.

DOBBS: Well, we're going to continue to introduce you to the audience here tonight, if you will sit still and bear with us while we take a quick break.

We'll return to talk about your thoughts going forward. Stay forward.

(COMMERCIAL BREAK)

DOBBS: We're back now with Andersen employees, Michael Puntoriero in Los Angeles; Katherine Scherer in Chicago; and Kemile Palmer in Washington.

Let me ask you, what are you all going to do? You've been effectively given a death sentence by the Justice Department, your firm has. Your jobs are all but on the verge of being lost. Are you going to fight back? Are you going to simply acquiesce?

PALMER: I know definitely we're going to fight back.

DOBBS: How are you going to do it?

PALMER: Well, I know that our group in the Washington, D.C. area, we're actually trying to get a rally together for late this week to, you know, go - we haven't decided yet where it's going to be, but we're all getting together and hopefully it will be over 1,000 of us strong, you know, letting the Department of Justice know that, you know, we're not, you know, we're not just going to

stand by and we want to fight this.

DOBBS: And Mike in Los Angeles?

PUNTORIERO: I would echo those words, Lou. We are moving forward as hard as we can with talking to our clients, assuring them that we're still in business.

In my small office in Orange County, California, we have not lost any clients over this matter, or people for that matter. They are I'm sure sitting there tonight.

DOBBS: How do you all feel? Obviously not very happy with the Justice Department to say the least, how do you feel about those clients with which Andersen has had in some cases more than three decades relationship with, just walking away from Andersen? Any animosity?

PUNTORIERO: Lou, none of them are my clients.

SCHERER: Actually I think we feel sad about that, Lou.

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DOBBS: I'm sorry, Kathy.

SCHERER: Yes, I think you know certainly we feel sad about that, Lou, and we feel a loss about that. But, you know, each client has to make up their own minds and their own decisions about what's best for their companies, and I just want to say to the clients that we do have out there that we are hanging with you guys. We appreciate you hanging with us, and we are sticking in there and are going to be there for you.

DOBBS: I should point out, not only obviously to each of you, but also to our audience, that we sought a representative from the Department of Justice, everyone from the Attorney General on down at the Justice Department to talk about Andersen and the equity or the lack of equity in its decision to indict a firm, and perhaps cost 85,000 jobs. But the Justice Department did not see fit to return our phone calls on the invitation, let alone respond to the invitation, but I just wanted to get that out.

Do you really believe there's a political base anywhere in Washington that will defend Andersen? Are you - do you know of a single Congressman or Senator who's willing to support you in what you're seeking?

PUNTORIERO: Lou, I'll jump in on that one. I don't know what the motivations are of the DOJ, Department of Justice. I do know though that it just seems totally unjust to punish, at a minimum to turn their lives upside down, 85,000 people around the world. I don't know why the Justice Department would do that. I don't know why they would take action to indict the firm and not take any action against any individuals, either at Enron or with us quite honestly, but sought to indict the company.

DOBBS: How does that make you feel about your government? Kathy.

SCHERER: I think right now where we're at, Lou, is we are not focusing on the government. As I said earlier, we've got the cards that we've been dealt and right now the key thing that's going on inside the walls of the Chicago office and throughout the U.S. and the firm worldwide is, we're focusing on our people and trying to assure them that we are still going to be there, that we are still a great place to do great work, and we are still reaching out to our clients to let them know that we are there and we still want to continue to do their business, and that really -

PUNTORIERO: Lou, I would echo Kathy's - I would echo Kathy's comments.

DOBBS: Kemile, we're going to give you the last word.

PALMER: And I also want to say to put a face to the 26,000 people. We're a great firm and I've always enjoyed it. I've been there almost three years and I've enjoyed my time working here and I just want, you know, the public to see us as, you know, the individuals that we are, and that we're not just Andersen,

and hopefully don't think that, you know. I think we should put Andersen out there. They think that all of us were out there shredding documents and it wasn't like that at all, and we're the innocent that are affected by this.

DOBBS: Kemile Palmer, thank you very much.

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PALMER: Thank you.

DOBBS: Katherine Scherer.

SCHERER: Thank you, Lou.

DOBBS: Michael Puntoriero, thank you very much for being with us.

PUNTORIERO: Thank you, Lou.

PALMER: Thanks.

DOBBS: Coming up next, there's been no let up in the flooding in the south, more lives are lost, more property destroyed. We'll have the details for you in just a moment. And in their words tonight, the president says he's no number cruncher, but that didn't stop him from telling us just exactly what's wrong with the economy. We'll have the President's view right after the break.

(COMMERCIAL BREAK)

DOBBS: The sex molestation scandal now enveloping the Catholic Church in America has already cost the church dearly in dollars, and the anger of its parishioners and the shame of its defrocked priests. Now details are emerging about the financial cost of the Catholic Church. Peter Viles has the report.

(BEGIN VIDEOTAPE)

UNIDENTIFIED MALE: He raised Lazarus from the dead.

PETER VILES, CNNfn CORRESPONDENT (voice over): In Boston, in New York City, it is a front page scandal, the Catholic Church paying tens of millions to settle claims of child abuse by priests. It is a scandal years in the making and it is national, not regional.

In the mid '90s, the Archdiocese of Santa Fe, driven to the brink of bankruptcy by sex abuse settlements, estimated at \$40 to \$50 million. In 1997, the Diocese of Dallas also faced bankruptcy unable to pay \$119 million jury award in a sex abuse case. The Diocese negotiated a \$31 million settlement. Bridgeport, Connecticut, a confidential settlement worth a reported \$12 million, and then Boston, \$15 million in secret settlements in the past, then a new settlement this month that will cost the church between \$15 and \$30 million. Mitchell Garabedian represents abuse victims in Boston and sees more payouts coming.

MITCHELL GARABEDIAN, VICTIMS' ATTORNEY: I think the church is just seeing the tip of the iceberg at this point in time, so the money damages they're facing have to be horrendous, have to be incredible.

VILES: It is hard to gauge the ultimate financial impact on the church, because the Catholic Church in America is not a monolithic entity. There is no single collection of financial assets. It consists of thousands of local parishes grouped into more than 180 dioceses, which are financially separate and

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MONEYLINE 06:00 PM Eastern Standard Time March 19, 2002 Tuesday independent. Some are rich, others poor, many struggle financially.

DR. DEAN HOGE, THE CATHOLIC UNIVERSITY: The idea that somebody's going to go bankrupt or that some portion of the church will default is silly. That will not happen, because there is money in different places in the Catholic community, and especially in the pockets of good devout Catholic people who will come to the rescue of any diocese or any religious order or something, which is in trouble.

VILES: In the meantime, there is anger in Boston, a campaign urging Catholics

not to donate to the archdiocese.

MARY JOE BAIN, CATHOLIC PARISHIONER: It seems to me that by withholding those contributions, not to our parishes, not to other charities, simply to the archdiocese, that we can send a message that we believe that what the hierarchy has done is wrong and that it needs to be honest with its parishioners about what it's going to do in the future.

(END VIDEOTAPE)

VILES (on camera): Of course, the ultimate cost to the church can not be measured in dollars. This is a crisis of leadership. One priest here in New York, who is 80 years old, calls this the most severe crisis he has ever seen within the Catholic Church. Lou.

DOBBS: Criminal investigations, where do they stand?

VILES: They are local at this point in several states in the Northeast. As we know, there is no national, federal investigation. It is in Massachusetts, in Maine, but they are local investigations we understand.

DOBBS: And no indication that the Justice Department is going to take this issue on?

VILES: No indication in their eyes that a federal crime has been committed.

DOBBS: OK, thank you very much, Peter Viles. "WOLF BLITZER REPORTS" begins in just a few minutes. Let's go to Wolf now in Washington to find out what is in store. Wolf.

WOLF BLITZER, "WOLF BLITZER REPORTS": Thank you very much, Lou. An ominous warning today from the Director of the Central Intelligence Agency, al Qaeda is still very much in business, and George Tenet is also warning of a possible terrorist so-called dirty radiation bomb. We'll have details of his testimony before Congress. How worried should you be? I'll ask terrorism expert Brian Jenkins and former NATO Supreme Allied Commander General Wesley Clark. It's all right here at the top of the hour. Lou.

DOBBS: Looking forward to it, Wolf, thank you. While the heavy rain and flooding continues across the south, the human toll is rising. Seven people have now died as a result of those storms, three from drowning, four from traffic crashed on rain slicked roads.

Swollen rivers have washed away homes and swamped roads in parts of Kentucky
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MONEYLINE 06:00 PM Eastern Standard Time March 19, 2002 Tuesday and certainly Tennessee. The flooding there is now the worst in a quarter century. More than eight inches of rain have fallen since the weekend, and a heavy rainstorm is forecast for both tonight and tomorrow.

Coming up next here, in their own words, our newsmakers will say it in their own words. We'll hear from the President on the economy and we'll find out about his skills as a bean counter, next.

(COMMERCIAL BREAK)

ANNOUNCER: Tomorrow on Lou Dobbs MONEYLINE, this winter has been the warmest ever for the Northeast. It's also been one of the driest. We'll look at the economic impact of the drought tomorrow on Lou Dobbs MONEYLINE.

(COMMERCIAL BREAK)

DOBBS: An incredible new iceberg roughly the size of Delaware has broken off Antarctica. It is now floating in the waters just off Antarctica. That iceberg broke off from a peninsula of ice and snow that extends from the mainland of Antarctica into the Amundsen Sea.

Scientists have noticed an unusually high number of icebergs being formed in that area recently. This is the 22nd and that has prompted some researchers to draw a connection, of course, to global warming. However, contradictory announcements have supported claims of both warming and cooling trends in

Antarctica.

My comments last night here on what I believe is an unfair Justice Department decision to indict Andersen as a firm created more viewer reaction than I've ever experienced in my career. The outpouring of support for my criticism of the Justice Department decision and Attorney General John Ashcroft is the most approval of any position I've ever taken on any position.

That support was approximately 90 percent, and I hope the Attorney General realizes, as I assure you I do, that the outrage against the Justice Department is based on the most fundamental of American values, fairness and honesty, and I hope like you, that those values prevail.

Now let's take a look at your thoughts. Lon Andersen in Texas wrote in to say: "Your commentary this evening was right on the mark. The balance you would like to see is sadly missing in both our federal government and a large segment of the media."

Ric Smith in Indiana writes to say: "Thank you Lou Dobbs. Your editorial comments were wonderful, a tiny ray of sane and bright light shining into what seems like a deepening morass of chaos, confusion and self-serving inconsistency. We are grateful for your courage and clarity of vision."

Mitch Graff writes: "To see the Justice Department come down on an entire company, due to the very poor and inappropriate decisions of only a handful of employees, is not justice at all."

Dan Carson in Maryland says: "I have been with Andersen with seven years and am very proud to be part of a great firm. It's hard to understand why the

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federal government has taken their action against all of us in the firm. How will this help anyone?"

We always want to hear from you. We don't, of course, always agree but we, even then, like to hear from you. Send us an e-mail at moneyline@cnn.com. Please include your name and your address.

Well, a number of issues tonight, the economy, IRS reform, accountability in the Catholic Church, and even the Massachusetts gubernatorial campaign. Now, in their words.

(BEGIN VIDEOTAPE)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: I'm not a numbers cruncher. I'm not one of these bean counters, but I don't believe the economy is strong enough to say that we've recovered. I worry about the fact there are too many people in our country still looking for work, and if people who want to work can't find work. And if people who want to work can't find work, we got to keep moving on the subject of economic security and economic recovery.

PAUL O'NEILL, TREASURY SECRETARY: There's not a single person in the IRS who can be proud of the fact that they give wrong advice that they're slow to respond. You know, it's not because these are bad people, it's because we've given them an impossible task to do. My heart goes out to those poor people who are doing the best they can with the garbage we've given them to work on.

MARK SERRANO, PRIEST ABUSE VICTIM: What I'm more focused on today is calling into account the church leadership for the egregious way in which they have handled this. Catholics across America are learning the truth about their church. They are saddened and I understand they're saddened, as I share in it, and they need to rise up and they need to recognize what has truly happened in the halls of rectories across America.

JANE SWIFT, ACTING GOVERNOR (R) MASSACHUSETTS: I want to thank the people of Massachusetts for their support and for their good will throughout my entire time over the last 12 years in public office, and this is the hardest part. I

also want to express my greatest appreciation to the numerous supporters, staff, and family who have stood by me. Thank you.

(END VIDEOTAPE)

DOBBS: And that's MONEYLINE for this Tuesday evening. Thanks for being with us. I'm Lou Dobbs. Goodnight from New York City. "WOLF BLITZER REPORTS" begins right now.

BLITZER: Tonight on "WOLF BLITZER REPORTS" the War Room. Osama bin Laden's network down but not out. The CIA sounds a warning.

UNIDENTIFIED MALE: Al Qaeda may be pursuing a radioactive dispersal device, what some call a dirty bomb.

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CNBC News Transcripts

SHOW: Hardball with Chris Matthews (9:00 PM ET) - CNBC

March 18, 2002 Monday

LENGTH: 746 words

HEADLINE: Palestinian Representative **Hasan Abdel Rahman** on Vice President Dick Cheney's visit to Mideast

ANCHORS: CHRIS MATTHEWS

BODY:

CHRIS MATTHEWS, host:

Israel troops have pulled out of the West Bank town of Bethlehem and a neighboring village. The withdrawal comes on the same day Vice President Dick Cheney arrived in Israel, hoping to provide the final push for a cease-fire between Israel and the Palestinians. On his way to a meeting this afternoon with the Israeli Prime Minister Ariel Sharon, Cheney had this to say.

Vice President DICK CHENEY: We continue to call upon Chairman Arafat to live up to his commitment to renounce once and for all the use of violence as a political weapon and to exert a 100 percent effort to stamp out terrorism. In that same spirit, I will be talking to Prime Minister Sharon about the steps that Israel can take to alleviate the devastating economic hardship being experienced by innocent Palestinian men, women and children.

MATTHEWS: In a moment, we'll be joined by former Israeli Prime Minister Ehud Barak. But first **Hasan Abdel Rahman** is the chief Palestinian representative in the United States.

Mr. Rahman, let me ask you a couple of questions. Start with this. The vice president of the United States, is he going to meet with Arafat?

Mr. **HASAN ABDEL RAHMAN** (PLO Representative to the US): Up to this moment, I--I am not sure whether that is going to happen or not. But we hope that it will happen because if Mr. Cheney is working towards the advance of the peace process and he's meeting with one party, I believe it is only useful for him to meet with the other party also.

MATTHEWS: Do you trust Cheney, speaking for the PLA--I mean the--the PA? Do you think Cheney's an honest broker between Israel and its Arab neighbors?

Mr. RAHMAN: You know, Cheney is working on his own. Cheney is part of an administration that has a policy. And this administration, in the past, has not shown evenhandedness. We hope that this has changed. The role of this administration is very, very important. And we believe that the engagement of